

Social Relationships in the Workplace and Employee Retention

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The public sector in New Zealand has experienced, and continues to experience a myriad of internal and external pressures affecting their ability to retain skilled staff. Increasing legislative changes, closer monitoring of organization performance, and the inability to match commercial remuneration combined with the increasing demand for high-skilled labor has created a challenging employment environment for public sector employers. A major component of this problem is not only to attract and select the people with the necessary skills to meet performance expectations, but to retain skilled and professional staff who are already in the organization.

The research summarized here stems from a longitudinal action-research study with a Government organization in New Zealand. Over the past five years, the organization has experienced an average turnover rate of 29.4% (excluding redundancies), which is higher than the current public sector standard of 14%. Turnover statistics indicate the average employee stays with the organization for 2 years and 8 months. The purpose of the project was therefore to identify, measure, and monitor those factors which had the greatest impact on employee retention in an increasingly tight labor market for highly skilled and professional employees. Although there has been substantial progress in identifying individual variables that impact on turnover (e.g. Maertz & Campion, 1998), there has been no overarching framework to help mesh the motivations for staying with an organization. The purpose of this research was therefore to simultaneously investigate both turnover and retention factors.

A parallel interest in the retention study was whether dissatisfaction with interpersonal relations in the workplace (namely, loneliness) resulted in the employee exiting the organization. Dissatisfied employees tend to withdraw from their organizations, either through psychological disconnection or actual job departure (Hanisch, 1995). Arguably, if an employee feels dissatisfied at work due to emotional or social detachment, it follows that they are likely to psychologically withdraw from that environment. This is particularly notable as both loneliness and organizational commitment appear to have an affective component as their underlying basis. Additionally, Lee, Mitchell and Wise (1996) found an association between interpersonal relationships at work and turnover intentions. It was therefore predicted that loneliness at work would have a negative effect on employee attitudes, instigating a desire to withdraw from the organization.

In 2007 six focus groups ($n = 48$) were convened to assess the question of what factors contributed to employee retention. Participants were randomly selected from throughout the organization, representing 14% of the total organization's workforce. The focus group questions were framed using an appreciative inquiry approach. Participants were asked to identify the reasons why they remained with the organization, the most satisfying and motivating aspects of their jobs, and what initiatives, if any could be implemented by the organization to improve job

satisfaction. Participants were also asked what they would like to see changed in the organization to improve retention. The sessions were recorded and transcribed for analysis in NVivo. From this qualitative analysis, several key features were identified as contributing to employee retention, which were:

- opportunities for career progression,
- supportive management/leadership,
- camaraderie with co-workers, and
- equitable pay across division/departmental groups.

Following the focus group sessions, a longitudinal survey was designed to measure various attitudinal variables relating to employee retention. The purpose of the survey was to determine any differences between those who remained and those who left the organization and to ascertain whether the organizational interventions to improve retention were having any impact. The following variables were measured: positive/negative affect (Watson, Clark & Tellegen, 1988), job satisfaction (Spector, 1997), tension and stress (Lahn, Wolfe, Quinn & Snoek, 1964), organizational commitment (Meyer & Allen, 1997), job engagement (Saks & Rotman, 2006), loneliness at work (Wright, Burt & Strongman, 2006), turnover intentions (Landau & Hammer, 1986), co-worker support (O'Driscoll, 2003), and supervisor support (Greenhaus, Parasuraman, and Wormley (1990)). The online survey was sent out to all employees ($n = 353$, of which 49 are contractors). 228 useable responses were received representing a favorable response rate of 64.6%.

Within a few months of the data collection commencing, 20 employees had voluntarily left the organization. All were considered to be at least 'good' performers according to organizational data. This preliminary dataset was analyzed using T-tests. Not surprisingly, those who remained with the organization had significantly ($p < .05$) higher satisfaction with pay and benefits and the work itself, were happier with the level of responsibility in their jobs, had higher perceived job mobility, higher organizational commitment, and lower intention to quit. There were no group differences in loneliness or social support. Interestingly, lack of social companionship (one of the factors of work-related loneliness) was one of the most significant predictors ($p < .05$) of intention to turnover. This provides tentative support for the notion that negative social relationships in the workplace can have an impact on employee turnover.

Over the past 12 months, several organizational interventions to improve retention rates and staff morale have been implemented. This has included:

- a leadership development program for Senior Managers, Division Managers and Team Leaders,
- a job analysis exercise and the implementation of new job descriptions defining areas of responsibilities and delegations more accurately,
- a job evaluation exercise to more equitably distribute pay bands across the organization (also reflecting market rates more accurately),

- revised performance management policies and procedures that include a written professional development plan, and
- the introduction of a “staff room” where employees can socialize during breaks if they chose to.

Difficulties with retaining skilled and professional staff still remains an issue for the organisation, despite the economic downturn and the more limited opportunities for career mobility. Difficulties include:

- An overall lack of workforce planning,
- A diverse professional/technical profile throughout the organisation leading to minimum opportunities for career paths and inter-departmental transfers,
- The senior management team remaining outwardly focused and failing to devote enough time to operational matters, such as recruitment and retention.

The longitudinal study will continue over a three year period, with Time 2 data currently being collected. The focus is on factors which aid retention, rather than focusing on turnover. Data will be analyzed using survival analysis to determine the timing of when people leave the organisation in relation to the timing of retention initiatives and which factors influence their departure most significantly.

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